

Public pension reform backers target overtime

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Public employees who make vast amounts of overtime during just a few years of their careers can cause a dangerous drain on the state's public employee pension systems, according to those involved in pension reform.

The problem was highlighted in a recent Daily News story that showed two Ohio State University police officers worked so many overtime shifts in 2010 that they more than doubled their pay for the year.

The state's five public pension plans benefit roughly 1.7 million workers, retirees and their families. Their investments were hit hard by the recession, and state lawmakers are considering increasing the contributions that public employees make to the plans and pruning benefits to keep the systems solvent.

The Ohio State officer who earned the most pay in 2010 — \$92,000 in overtime in addition to \$72,000 in base pay — said last week he was not interested in fluffing his pension when he signed up for so many shifts. Instead the officer, 11-year veteran Thomas Schneider, said he was trying to save for his wedding and pay down debts.

But because of the way Ohio's public pension systems work, just a few years of astronomical overtime pay can substantially increase public employees' pensions after they retire, the Daily News found. This is because pension payments are usually based on a worker's three highest-paid years, including overtime.

"Spiking is an issue," said Aristotle Hutras, director of the Ohio Retirement Study Council, a nonpartisan organization charged by the state with finding ways to fix Ohio's pension systems. "If your pension amount is based on an exorbitant spiking situation, then I think folks would make an argument it's subsidized by the rest of the membership."

Schneider was one of five Ohio State officers who earned more than their chief in 2010 with base and overtime pay, each earning at least \$38,000 in overtime.

Schneider said the majority of his overtime came from directing traffic and patrolling around the \$1 billion on-campus expansion of the Ohio State Medical Center. That overtime was billed to the hospital, not to the school or police budget. It included some 17-hour days, Schneider said.

"I volunteered for them," he said. He said no one else wanted to work those shifts, so he signed up.

He said pension benefits did not weigh into him accepting the extra shifts. "I've got so many years to go, [my pension is] not part of my thought process," he said.

The Ohio Department of Rehabilitation and Correction spends the most in overtime of any state department — \$24.4 million in the first half of this year and \$60.4 million in 2010, according to the Department of Administrative Service overtime tracker.

The state's total overtime cost in 2010 was \$122 million.

Four Correction Department employees more than doubled their salary with overtime; 167 of 14,439 Correction Department workers earned one-third or more of their gross pay in overtime, a Daily News analysis found.

Correction Department employees are covered by the Ohio Public Employee Retirement System, the same system that OSU police use.

Government employees in OPERS can retire and begin receiving benefits after paying for 30 years into the system, or after as few as five years once they reach age 65. Their pensions are based on their three highest-paid years, including overtime if it's collected the same years it's earned.

But paying into the system at a low base salary for 27 years and receiving a pension for life that is based on a significant three-year pay spike throws the entire system out of whack, Hutras said.

High overtime would be only one possible cause. The same problem for the pension systems exists if an employee, in the final three years of public service, receives a large pay raise or takes another public job at a much higher wage.